

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA,

PLAINTIFF,

v.

CIVIL ACTION NO

\$341,151.47 IN FUNDS SEIZED FROM
BANK OF AMERICA ACCOUNT NUMBER
XXXXXXXXX3940 HELD IN THE NAME OF
BELLATOR PHRONT GROUP, INC.;
\$536,875.00 IN FUNDS SEIZED FROM
BANK OF AMERICA ACCOUNT NUMBER
XXXXXXXXX8102 HELD IN THE NAME OF
BELLATOR PHRONT GROUP, INC.; AND
\$1,113,113.97 IN FUNDS SEIZED FROM
BANK OF AMERICA ACCOUNT NUMBER
XXXXXXXXX4823 HELD IN THE NAME OF
ELITE EXECUTIVE SERVICES, INC.,

DEFENDANTS

VERIFIED COMPLAINT FOR FORFEITURE

COMES NOW, the United States of America, Plaintiff in the above-styled civil action, pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C), and files this verified Complaint for Forfeiture, showing the Court as follows:

INTRODUCTION

1. On or around June 29, 2020, agents with the Federal Bureau of Investigation (“FBI”) seized the following funds:

a. \$341,151.47 in funds from Bank of America account number XXXXXXXX3940 held in the name of Bellator Phront Group, Inc. (“Defendant \$341,151.47”);

b. \$536,875.00 in funds from Bank of America account number XXXXXXXX8102 held in the name of Bellator Phront Group, Inc. (“Defendant \$536,875.00”); and

c. \$1,113,113.97 in funds from Bank of America account number XXXXXXXX4823 held in the name of Elite Executive Services, Inc. (“Defendant \$1,113,113.97”).

2. Defendant \$341,151.47, Defendant \$536,875.00, and Defendant \$1,113,113.97 (collectively, “Defendant Funds”) were seized from Bank of America.

3. The Defendant Funds are being held in a government account maintained by the United States Marshals Service.

4. The Court has jurisdiction over this case pursuant to 28 U.S.C. §§ 1345 and 1355.

5. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1395.

FORFEITURE STATUTES

6. The Defendant Funds are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) because the funds are derived from proceeds traceable to violations of 18 U.S.C. §§ 1343 and 1344.

7. The Defendant Funds are also subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A) because they constitute property involved in a transaction or attempted transaction in violation of 18 U.S.C. §§ 1956 and/or 1957 or are funds traceable to such property.

BASIS FOR FORFEITURE

8. On March 29, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was enacted into federal law.

9. The CARES Act was designed to provide emergency financial assistance to millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

10. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in Small Business Administration (“SBA”)-guaranteed forgivable loans to small businesses through the Paycheck Protection Program (“PPP”).

11. Over \$300 billion in additional PPP funding was authorized by Congress in April 2020.

12. In order to obtain a PPP loan, a qualifying business must submit a PPP loan application which must be signed by an authorized representative of the business.

13. The PPP loan application requires the business, through its authorized representative, to acknowledge the program rules.

14. The loan application also requires the business to make certain affirmative representations and certifications in order to be eligible to obtain the PPP loan.

15. In the PPP loan application, the small business, through its authorized representative, must state, among other things, its average monthly payroll expenses and its number of employees.

16. Further, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

17. PPP loan proceeds must be used by the business on certain permissible expenses: payroll costs, interest on mortgages, rent, and utilities.

18. In or about May 2020, Darrell Thomas ("D. Thomas"), Kahlil Gibran Green, Sr. ("Green"), Andre Lee Gaines ("Gaines"), Bern Benoit ("Benoit"), and

Edward Lee (“Lee”) applied for PPP loans on behalf of businesses in their names.

19. Each loan was valued at approximately \$800,000, and the total amount obtained was approximately \$4,100,000.00.

Submission of PPP Loan Applications

Green and Impact Creations, LLC

20. Green resides at 1467 East 173rd Street, Cleveland, Ohio, 44110.

21. Green claimed sole ownership of Impact Creations LLC (“Impact”).

22. The investigation revealed that Impact was located at 600 Superior Avenue East, Fifth Third Center 1300, Cleveland, Ohio, 44114.

23. According to records obtained from the Ohio Secretary of State, Green is listed as Impact’s registered agent.

24. On or about May 17, 2020, an application in support of a \$830,000 PPP loan for Impact was submitted with Green’s digital signature, which certified that the information provided in the application and in all supporting documents and forms was true and accurate.

25. The PPP loan application was submitted to BlueVine Capital, Inc. (“BlueVine”), an agent that pairs PPP applicants with lenders.

26. After BlueVine processed Green’s application, it was submitted to Cross River Bank, an SBA-approved lender.

27. Based on Green's representations, his PPP loan application was approved.

28. On or about May 19, 2020, approximately \$830,000 in PPP loan funds were distributed to JPMorgan Chase Account number XXXXX2292 ("JPMC 2292").

29. JPMC 2292 is the business checking account of Impact Creations LLC.

30. Between on or about May 22, 2020 and on or about June 15, 2020, approximately \$545,492 was withdrawn from JPMC 2292 via checks and wire transfers to Bank of America Account XXXXXXXX3940 ("BoA 3940"), held in the name of Bellator Phront Group, Inc. ("Bellator") and Bank of America Account XXXXXXXX4823 ("BoA 4823").

31. BoA 4823 is the business checking account of Elite Executive Services, Inc. ("Elite").

32. According to records obtained from the Georgia Secretary of State, Meghan Thomas ("M. Thomas") is the Chief Executive Officer, Secretary, and registered agent for Elite.

33. According to company records, Elite is located at the same address as Bellator at 11285 Elkins Road, Suite H6, Roswell, Georgia, 30076.

34. On or about May 21, 2020, Elite filed an amended annual registration with the Georgia Secretary of State identifying D. Thomas as Elite's Chief

Executive Officer, Secretary, and registered agent.

Gaines and Gaines Reservation and Travel, LLC

35. Gaines resides at 75 Log Cabin Drive, Apt. 506, Dallas, Georgia, 30157.

36. Gaines claimed sole ownership of the company Gaines Reservation and Travel LLC ("Gaines R&T").

37. Gaines R&T is located at 85 Rosemont Court, Hiram, Georgia, 30141.

38. According to records obtained from the Georgia Secretary of State, Gaines is the listed registered agent of Gaines R&T.

39. On or about May 18, 2020, an application in support of a \$806,710 PPP loan for Gaines R&T was submitted with Gaines's digital signature, which certified that the information provided in the application and in all supporting documents and forms was true and accurate.

40. The PPP application was submitted to BlueVine, who then submitted the application to Cross River Bank for funding.

41. Based on the representations in his application, Gaines R&T's PPP loan application was approved.

42. On or about May 18, 2020, approximately \$806,710 in PPP loan funds were distributed through a wire transfer to Gaines R&T's business account, JPMorgan Chase Account number XXXXX6500 ("JPMC 6500"), held in the name

of Gaines Reservation and Travel LLC.

43. Gaines then transferred a portion of the fraudulent loan proceeds from JPMC 6500 to Gaines R&T's second business account, PNC Bank Account number XXXXXX5124 ("PNC 5124"), held in the name of Gaines Reservation and Travel LLC, and Wells Fargo Bank Account number XXXXXX1207 ("WF 1207"), held in the name of Management Resource Services.

44. According to records obtained from the Georgia Secretary of State, Management Resource Services ("Management Resource") is registered at P.O. Box 674, Tucker, Georgia, 30085.

45. Carla Jackson claimed to be the Chief Executive Officer and registered agent for Management Resource.

Benoit and Transportation Management Services, Inc.

46. Benoit resides at 211 North Valley Street 408, Burbank, California, 91505.

47. Benoit claimed sole ownership of Transportation Management Services, Inc. ("Transportation Management").

48. Transportation Management is located at 2216 Kings Drive, Woodbury, Minnesota, 55125.

49. According to records obtained from the Minnesota Secretary of

State, Benoit is listed as the Chief Executive Officer of Transportation Management.

50. On or about May 20, 2020, an application in support of a \$830,417 PPP loan for Transportation Management was submitted with Benoit's digital signature, which certified that the information provided in the application and in all supporting documents and forms was true and accurate.

51. The PPP loan application was submitted to BlueVine, who then submitted the application to Cross River Bank for funding.

52. Based upon the representations Benoit made in his application for Transportation Management, the PPP loan application was approved.

53. On or about May 18, 2020, approximately \$830,417 in PPP funds were distributed to Transportation Management's JPMorgan Chase Account number XXXXXX6415 ("JPMC 6415").

54. Between on or about May 29, 2020 and on or about June 15, 2020, approximately \$454,998.00 of the funds were transferred from JPMC 6415 to BoA 3940 and Bank of America Account number XXXXXXXX4823 ("BoA 4823"), held in the name of Elite Executive Services, Inc.

55. An additional \$30,000 of PPP loan funds were transferred from JPMC 6415 to Benoit's JPMorgan Chase Account number XXXXXX9428 ("JPMC

9428").

Lee and Lee Operations LLC

56. Lee resides at 28537 Heatherbrook Court, Farmington Hills, Michigan, 48331.

57. Lee claims sole ownership of Lee Operations LLC ("Lee Operations"), a company located at 28175 Haggerty Road, Novi, Michigan, 48377.

58. According to records obtained from the Michigan Secretary of State, Lee is the registered agent of Lee Operations.

59. On or about May 20, 2020, an application in support of a \$805,813 PPP loan for Lee Operations was submitted with Lee's digital signature, which certified that the information provided in the application and in all supporting documents and forms was true and accurate.

60. The PPP loan application was submitted to BlueVine, who submitted the application to Celtic Bank, an SBA-approved lender.

61. Based on the representations Lee made in his application, Lee Operations' loan application was approved.

62. On or about May 21, 2020, approximately \$805,813 in PPP loan funds were distributed to Lee Operations through wire transfer to Lee Operations' Fifth Third Bank account number XXXXXX5085 ("FTB 5085").

63. The same day, approximately \$803,775.89 of the PPP loan funds were transferred from FTB 5085 to BoA 4823.

64. Between on or about May 21, 2020 and June 15, 2020, approximately \$1,525,847.80 was deposited into BoA 4823 via checks and wire transfers from JPMC 2292, JPMC 6500, JPMC 6415, and FTB 5085.

Thomas and Bellator Phront Group, Inc.

65. D. Thomas claims sole ownership of Bellator Phront Group, Inc. (“Bellator”).

66. According to records obtained from the Georgia Secretary of State, D. Thomas is the Chief Financial Officer of Bellator.

67. Bellator is located at 11285 Elkins Road, Suite H6, Roswell, Georgia, 30076.

68. On or about April 21, 2020, D. Thomas digitally signed an application in support of a \$799,955.35 PPP loan for Bellator.

69. D. Thomas submitted the PPP loan application to Harvest Small Business Finance LLC (“Harvest”), an SBA-approved lender and PPP lender to small businesses.

70. D. Thomas certified that the information he provided in the application and in all supporting documents and forms was true and accurate.

71. Based on D. Thomas's representations in his application, Bellator's loan application was approved.

72. On or about May 19, 2020, approximately \$799,955.35 in PPP loan funds was distributed to Bellator through wire transfer to BoA 3940.

73. On or about June 5, 2020, approximately \$620,000 of PPP funds were transferred from BoA 3940 to Bellator's Bank of America account number XXXXXXXX8102 ("BoA 8102").

74. Between on or about May 22, 2020 and June 15, 2020, approximately \$542,200 were transferred from JPMC 2292, JPMC 6500, and LPMC 6415 to BoA 3940.

75. On or about June 8, 2020, approximately \$100,000 were wire transferred from BoA 4823 to BoA 8102.

Fraudulent Documentation Submitted to Support PPP Loan Applications

76. PPP loan records from Cross River Bank, Celtic Bank, and Harvest show the applications and supporting documentation each applicant supplied in support of their PPP loan applications.

77. Each applicant represented that the purpose of the loan was to pay the business's payroll, lease, mortgage interest, and utilities expenses.

78. Each applicant also certified that their business “was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes.”

79. Each application also acknowledged that failure to use the proceeds of the loan to “retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments” could result in fraud charges.

80. In requesting a specific PPP loan amount, each applicant represented that its business had the following number of employees and average monthly payroll:

Applicant	Reported Average Monthly Payroll	Reported Number of Employees
Green/Impact	\$332,000	67
Gaines/Gaines R&T	\$322,684	69
Benoit/Transportation Management	\$332,167	66
Lee/Lee Operations	\$322,325	63
D. Thomas/Bellator	\$319,982.14	66

81. In his PPP loan application, D. Thomas represented to Harvest that Bellator’s average monthly payroll totaled \$319,982.14.

82. To support the requested loan amount, each applicant further supplied BlueVine and/or its respective lender with what were purportedly the business’s quarterly federal tax returns for January 2019 through December 2019 (“Forms 941”).

83. All the Forms 941 the applicants submitted listed the exact same number of employees and amount paid for wages, tips, and other compensation for each quarter of 2019, except that Bellator reported different figures for the third quarter of 2019.

84. Specifically, the forms listed that the business had the following number of employees and amount paid for wages, tips, and other compensation for each of the four quarters in 2019:

	Q1 2019 Jan -Mar	Q2 2019 Apr-Jun	Q3 2019 Jul-Sep	Q4 2019 Oct-Dec
Impact	57 employees \$815,954.00	59 employees \$865,954.00	63 employees \$905,132.00	63 employees \$905,132.00
Gaines R&T	57 employees \$815,953.00	59 employees \$865,954.00	63 employees \$905,132.00	63 employees \$905,132.00
Transportation Management	57 employees \$815,954.00	59 employees \$865,954.00	63 employees \$905,132.00	63 employees \$905,132.00
Lee Operations	57 employees \$815,954.00	59 employees \$865,954.00	63 employees \$905,132.00	63 employees \$905,132.00
Bellator	57 employees \$815,954.00	59 employees \$865,954.00	61 employees \$895,923.00	63 employees \$905,132.00

85. IRS records of employee identification numbers for each business show no filing of Forms 941 for the first quarter of tax year 2020 or for any of the four quarters of tax year 2019.

86. Further, there are no records of filing employer's annual federal tax

return for tax year 2019 (Form 940).

87. Furthermore, PPP loan applications for Impact, Gaines R&T, and Transportation Management included fraudulent bank statements for JPMC 2292, JPMC 6500, and JPMC 6415 for the period of February 1, 2020 to February 28, 2020.

88. The bank statements provided were almost identical except for business information and account numbers.

89. Each bank statement represented that during the specified period JPMC 2292, JPMC 6500, and JPMC 6415 each had a beginning balance of \$674,776.42 and ending balance of \$790,576.16.

90. JP Morgan Chase confirmed that the bank account statements were fraudulent.

91. Impact opened JPMC 2292 on April 3, 2020, and therefore could not have had a bank account statement for February 2020.

92. Transportation Management opened JPMC 6415 on April 21, 2020, and also could not have had a bank statement for February 2020.

93. Records show that both the beginning and ending balances of Gaines R&T's account JPMC 6500 in February 2020 were \$190.00.

94. Lee Operations submitted to BlueVine and Celtic Bank a bank

statement for FTB 5085.

95. The bank statement showed that during the specified time period the account had a beginning balance of \$646,674.16 and an ending balance of \$437,207.15.

96. Fifth Third Bank confirmed that the February 2020 bank account statement submitted by Lee Operations was fraudulent.

97. Records from Fifth Third Bank showed that the actual February 2020 beginning and ending balances for FTB 5085 were \$50 and \$392.92, respectively.

Seizure of Defendant Funds and Subsequent Claim

98. On or about June 29, 2020, FBI agents seized, among other things, the Defendant Funds.

99. On or about August 4, 2020, a federal Grand Jury sitting in the Northern District of Georgia indicted D. Thomas, Gaines, Green, Benoit, and others, for conspiracy to commit bank fraud and wire fraud, in violation of 18 U.S.C. § 1349, bank fraud in violation of 18 U.S.C. § 1344, wire fraud in violation of 18 U.S.C. § 1343, false statements to a federally insured bank in violation of 18 U.S.C. § 1014, and money laundering in violation of 18 U.S.C. §§ 1956 and 1957.

100. On or about September 17, 2020, D. Thomas filed a Claim to the Defendant \$341,151.47 with the FBI, in which he claimed to be the owner of the

funds.

101. The Defendant Funds are subject to forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) on the grounds that they are proceeds, or are derived from proceeds, traceable to violations of 18 U.S.C. §§ 1343 (wire fraud) and 1344 (bank fraud).

102. The Defendant Funds are also subject to forfeiture to the United States pursuant to 18 U.S.C. § 981(a)(1)(A) because they are proceeds, or are derived from proceeds, traceable to violations of 18 U.S.C. §§ 1956 and/or 1957.

WHEREFORE, Plaintiff prays:

- (1) that the Court forfeit the Defendant Funds to the United States of America;
- (2) that the Court award Plaintiff the costs of this action; and
- (3) that Plaintiff have such other and further relief as the Court deems just and proper under the facts and circumstances of this case.

This 11th day of December, 2020.

Respectfully submitted,

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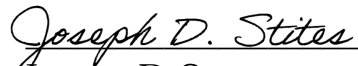
DEFENDANTS

VERIFICATION OF COMPLAINT FOR FORFEITURE

I, Special Agent Joseph D. Stites, have read the Complaint for Forfeiture in this action and state that its contents are true and correct to the best of my knowledge and belief based upon my personal knowledge of the case and upon information obtained from other law enforcement personnel.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

This 11 day of December, 2020.



JOSEPH D. STITES
Special Agent
Federal Bureau of Investigation